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MARY E. WELTY
RECORDER
MADISON COUNTY, IOWA
Fee 15.00

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Nos. 80B-10472-73
PENN-DIXIE INDUSTRIES, INC.,	:	(Chapter 11)
Debtor.	:	
In re	:	
PENN-DIXIE STEEL CORPORATION,	:	
Debtor.	:	

FILED
FEB 27 1981
BURTON R. LIFLAND
Bankruptcy Judge

ORDER GOVERNING
DISPOSITION OF PROCEEDS

Upon the application of Penn-Dixie Industries, Inc., the debtor herein ("PDI"), for an order authorizing the proposed settlement of the claims of the West Des Moines State Bank against PDI; and upon the application of PDI to sell certain manufacturing assets ("West Des Moines cement facility") to Martin Marietta Corporation, dated January 22, 1981; the Order of this Court regarding notice and hearing of the proposed sale, dated January 23, 1981 ("Order") and the application therefor, dated January 22, 1981; and

Due notice of the proposed sale to Martin Marietta Corporation and of the fact that PDI would consider other bids for the West Des Moines cement facility up to and including the time set for the hearing on the proposed sale having

Return to Duncan Law Firm, 404 Equitable Bldg., Des Moines, IA 5030

been given as provided in the Order; and due notice of this Order having been given to all parties entitled thereto; and

It appearing that the Bank is a party to Indentures of Trust with the City of West Dest Moines, Iowa ("City") dated as of August 1, 1975 and December 1, 1975 ("Indentures"); that PDI is a party to sale contracts dated as of August 1, 1975 and December 1, 1975 with the City ("Sale Contracts") under which PDI guaranteed payment of principal and interest due on the bonds issued pursuant to the Indentures ("Bonds"); that PDI executed Grants of Easement, dated October 8, 1975 and December 24, 1975 to the City ("Grants"); that under the Sale Contracts, Grants and Indentures, in order to secure the indebtedness and obligations of PDI under the Sale Contracts, the Bank has security interests, easements and other interests in certain property described in the Sale Contracts, Grants and Indentures (such Sale Contracts, Indentures, Grants, and related U.C.C. Statements, together with all right, title and interest of the City and the Bank in and to the West Des Moines cement facility are collectively called the "Security Interest"), which property is proposed to be sold by PDI to Martin Marietta Corporation or any other purchaser, free and clear of the interests therein of the Bank and the City; that by virtue of the Sale Contracts and Indentures, PDI is now indebted to the Bank in the principal amount of $1,750,000, together with unpaid and accrued interest to date in the approximate amount of $170,000, and

for other amounts; that the Bank has indicated that it will file an objection to the proposed sale unless its claims are resolved; that time is of the essence with respect to the consummation of the sale; that it is in the best interests of PDI and its creditors, and of the Bank, the City and the holders of the Bonds that the sale of the West Des Moines cement facility be approved and that the claims of the Bank against PDI under the Sale Contracts, Grants and Indentures be resolved as agreed between PDI and the Bank as set forth below; and that sufficient other cause therefor appears.

Now, upon application of Fried, Frank, Harris, Shriver & Jacobson, counsel to PDI, and all parties in interest having been heard or given an opportunity to be heard, it is

ORDERED that:

1. All claims of the Bank, the City and the holders of the Bonds against PDI and the holders of the Subordinated Debentures of PDI or the Indenture Trustee with respect to such Debentures, arising by virtue of the Sale Contracts, Grants and Indentures, other than claims arising by virtue of the attachment of the Security Interest to the sum of $2,000,000 to be placed in a separate interest bearing account from the proceeds of the sale of the West Des Moines cement facility or for payment of a sum of money ("remaining claims"), are hereby extinguished, discharged and released.

2. Upon the payment by PDI to the Bank of the sum of $1,500,000, the remaining claims shall be extinguished, discharged and released, and the Sale Contracts,

Grants and Indentures shall be fully terminated and discharged, and the Bank shall execute such documents as are reasonably necessary to effectuate the provisions hereof.

3. PDI shall pay the sum of $1,500,000 to the Bank on the later of (a) receipt by counsel to PDI of a written notification from the Bank that it has given all notices required to be given to and obtained all consents required to be obtained from the holders of the Bonds, or that such notices or consents are not required, and that by virtue thereof of the Bank is entitled to receive payment of said sum or (b) the date of consummation of the sale of the West Des Moines cement facility.

4. Upon said payment of the sum of $1,500,000, all amounts remaining in the account specified in paragraph 1 herein shall be released to PDI.

5. If the payment referred to in paragraph 3 is not made prior to June 1, 1981, or such other date as may be agreed to by counsel to PDI and the Bank or fixed by the Court, the provisions of paragraphs 2, 3 and 4 shall be of no further force and effect, and the nature and amount of the remaining claims shall be determined by further order of the Court.

6. If the sale of the West Des Moines cement facility to Martin Marietta Corporation or to such other higher or better bidder as may be approved by the Court is

not consummated, this order shall be null and void and the Bank and PDI shall have any and all rights against each other existing as of this date as if this order had not been entered.

Dated: New York, New York
February 27, 1981

United States Bankruptcy Judge

United States of America)
Southern District of New York) ss
I, BURTON R. LIFLAND, Bankruptcy Judge, in and for the said district, do hereby certify that the within instrument is a true and correct copy of the original as the same appears of record in my office.

In Witness Whereof, I hereunto set my hand this 27 day of February, 1981

BURTON R. LIFLAND
Bankruptcy Judge

By Evelyn Nielsen
Chief Clerk